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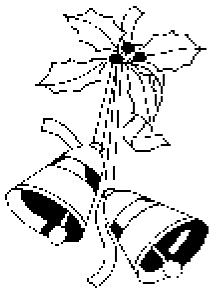


HAPPY HOLIDAYS

from the staff of

Kentucky Agricultural Statistics Service

FEATURING: ▸ AG Census 2002 ▸ Dairy Products ▸ Exports ▸ Livestock Outlook

STATISTICAL PORTRAIT OF KENTUCKY AGRICULTURE TAKEN BY 2002 CENSUS OF AGRICULTURE

Kentucky farm operators along with farm operators across America are about to participate in the nations's largest, most detailed statistical portrait of U.S. agriculture--the 2002 Census of Agriculture. Conducted by USDA's National Agricultural Statistics Service, the census will provide a comprehensive portrait of agriculture at the county, state and national levels. The Kentucky Agricultural Statistics Service office in Louisville will coordinate agricultural census activities for the Commonwealth.

Many changes have occurred throughout Kentucky agriculture in the five years since the last Census of Agriculture was taken, says Leland Brown, Kentucky State Statistician. The need for reliable statistics about Kentucky's farmers has never been greater. Conducting the agricultural census is the only way to get information to measure how successful many of the new state initiatives and marketing assistance programs have been. That will happen when producers take the time to complete the 2002 Census of Agriculture report form and return it in the mail. For example, the meat goat industry has been growing in Eastern Kentucky, and results from the AG Census will show how fast that sector is growing.

There are similar initiatives involving aquaculture, horticulture and fresh market vegetables all across the state. The success of these new programs and how fast and how much they have grown will be shown by what producers report on the 2002 Census of Agriculture.

According to Brown, the Agricultural Census shows a geographic picture of American and Kentucky agriculture: the changing crop and livestock patterns in agriculture, economic conditions and operating costs of farm operators, and the sources of marketing and income. New questions added this year will collect information on multiple operators per farm, production contracts, certified organic acreage, grain storage capacity, computer and Internet use, and new commodities such as bison, deer, elk, llamas, emus, and ostriches.

Another important piece of information compiled and published from the 2002 Census of Agriculture will be the count of farms by different categories: size, type, operator characteristics, value of sales. This count is made for each county in Kentucky. Many of the extension programs administered in Kentucky receive the funds for these projects based on the AG Census farm counts by county.

These trends, and others, will be interesting to compare when data from the 2002 Census of Agriculture are tabulated and processed in early 2004.

Agriculture census data serve as a foundation for agricultural statistics. They are widely used by farm organizations, legislators, and those who provide goods and services to farmers and ranchers.

The census report form is detailed, but all information on individual farm operations is kept confidential by law (Title 7, U.S. Code). Statistical results are aggregated and published only in geographical summaries to prevent identification of individual farms.

A farm, for census purposes, is any place from which at least $1,000 worth of agricultural products were produced and sold or could have been sold during the census year. Because a key strength of the census is providing detailed facts about small farms, every response counts--whether from a large or very small operation.

Completing the 2002 Census of Agriculture report form may be the best few minutes Kentucky farmers can invest in the future of the Commonwealth's agriculture. By responding completely and accurately, Kentucky farmers can make the 2002 Census of Agriculture an effective tool to help chart the future of the Commonwealth's top industry. Brown says, remember that it is not a Census of Agriculture, but a Census for Agriculture, because America and Kentucky count on Agriculture!

U.S. DAIRY PRODUCTS, OCTOBER 2002

PRODUCT	October 2001	September 2002 1/	October 2002	Percent of Oct. 2001	Percent of Sept. 2002
		(000) Pounds		Percent	
BUTTER	109,911	92,264	102,121	93	111
CHEESE					
American Types 2/	295,991	285,724	293,141	99	103
Mozzarella	214,476	222,422	233,302	109	105
All Other Types 3/	171,613	163,816	187,570	109	115
Total	682,080	671,962	714,013	105	106
		(000) Gallons		Percent	
FROZEN PRODUCTS					
Ice Cream (Hard)	67,595	70,281	70,185	104	100
Frozen Yogurt (Total)	5,887	6,715	6,395	109	95
MIX FOR FROZEN PRODUCTS					
Ice Cream Mix	39,070	42,183	40,833	105	97
Yogurt Mix	3,328	3,950	3,762	113	95

1/ Revised. 2/ Includes Cheddar, Colby, Monterey, and Jack. 3/ Includes Swiss, cream and all other types. Excludes cottage cheese.

PROJECTED 2003 U.S. AGRICULTURAL EXPORTS LOWERED $500 MILLION

The U.S. agricultural export projection is reduced from August by $500 million to $57 billion, but remains well above the $53.3 billion shipped in fiscal 2002. The reverse is true for volume. At 112.2 million tons, projected bulk export volume is up 1.9 million from the August projection but remains below 2002. Wheat, soybeans, and red meat volume and value are above August projections. However, smaller volumes and values are expected for corn, cotton, horticultural products, and dairy and poultry products. Stronger export competition and the continued strong dollar have dampened export prospects for these commodities. Modest recovery in global economic growth is anticipated, particularly in Canada, Mexico, and Asian markets other than Japan; so exports to these destinations are expected to rise. The strong dollar also expands U.S. agricultural imports to $43 billion, $2 billion over the 2002 imports. Larger horticultural imports (including beer and wine) are expected from Canada, Mexico, and the European Union. With exports down and imports up from August, the expected export surplus declines $1.5 billion from the earlier projection, but remains above 2002.

U.S. Agricultural Trade, Fiscal Years, 1998 - 2003 - Year ending September 30

Item	1998	1999	2000	2001	2002	Fiscal 2003 Aug.	Fiscal 2003 Nov.
				Billion dollars			
Exports	53.6	49.1	50.7	52.7	53.3	57.5	57.0
Imports	36.8	37.3	38.9	39.0	41.0	42.0	43.0
Balance	16.8	11.8	11.9	13.7	12.3	15.5	14.0

This outlook reflects commodity forecasts in the Nov. 12, 2002, World Agricultural Supply and Demand Estimates report.

LIVESTOCK SITUATION AND OUTLOOK

Cattle

Fed-steer prices have rallied $5 since early October, reaching the upper $60s per cwt in early November as poor feeding conditions slowed marketings. With weekly beef production running above year-earlier levels, the market strength indicates relatively good product movement in export and domestic channels. Prices strengthened in early November as muddy feedlot conditions resulted in weight loss and reduced marketings.

In October, slaughter weights and numbers were both above year-earlier levels. The average federally inspected slaughter weights for steers bounced between 840 and 844 pounds in mid October, apparently searching for its seasonal (and all-time) high. Weights broke in late October as the muddy conditions affected weight gain and resulted in some weight loss. Improved weather conditions and cattle adjusting to winter feeding conditions will result in compensatory gains and improved marketings. Average heifer weights, which tend to peak later than for steers, also advanced steadily until conditions resulted in a downturn in late October. Poor feeding conditions and additional cow slaughter would result in lower weights.

Although beef production in the October-December quarter is expected to be about 1 percent over a year earlier, prices for fed cattle are expected to average in the upper $60s per cwt as packers compete for declining numbers of cattle. In recent months, fed-cattle marketings have been brisk relative to inventory levels. Feeder cattle supplies outside feedlots on October 1 were about unchanged from a year earlier. However, placements are expected to remain below year earlier levels, as wheat-grazing prospects in the High Plains winter wheat areas are the best in several years. Improved weather conditions will result in more light cattle moved to pasture.

The upturn in prices will likely continue next year as steer and heifer slaughter drops each quarter relative to a year earlier, with the largest year-to-year declines occurring in the second half. For the year, beef production is forecast down 5 percent in 2003. Prospects for reduced beef supplies and higher cattle prices next year depend to a large extent on “normal” forage and grazing conditions in spring and summer, which would encourage producers to retain animals for breeding rather than feeding them for slaughter.

Dairy

Dairy product sales apparently have begun to grow again after about a year of sluggishness. Sales of American cheese jumped 6 percent in July-September, following a 3-percent rise the preceding quarter. Restaurant use of these cheeses seems to have rebounded, as have retail sales. However, use of other varieties was just barely above a year earlier, similar to the pattern earlier in the year. Sales of Mozzarella were lower than a year earlier, reflecting continuing doldrums in the pizza market. Butter sales were just slightly below a year earlier this summer, although September disappearance was much larger than last year’s depressed level. Retail sales reportedly were larger. However, restaurant use was down, and retailers had not begun widespread, aggressive specialling. The support purchase price for butter was raised about 20 cents per pound, to 105 cents, in order to maintain the support price of milk at $9.90 per cwt. Purchase prices for cheese were not changed. The higher purchase price for butter may result in small winter butter purchases, with most of the butter representing excessive butter stocks not trimmed sufficiently in 2002.

Hogs

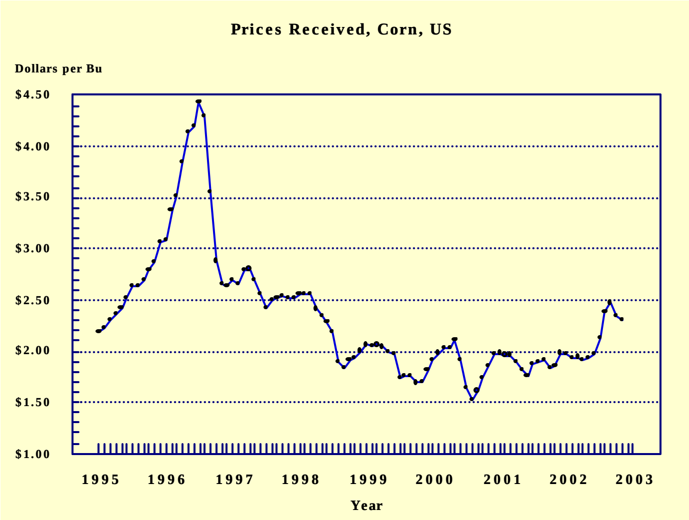
The U.S. hog/pork sector is expected to slaughter 27.1 million hogs in the fourth quarter of 2002. With dressed weights anticipated to average around 197 pounds, fourth quarter pork production is expected to be 5.34 billion pounds. Hog prices are expected to average $27-$29 per cwt. for the quarter, and about $34 per cwt. for 2002. Pork production next year is expected to be 19.42 billion pounds, down 1.7 percent from 2002. Hog prices for 2003 are expected to average between $35 and $38 per cwt.

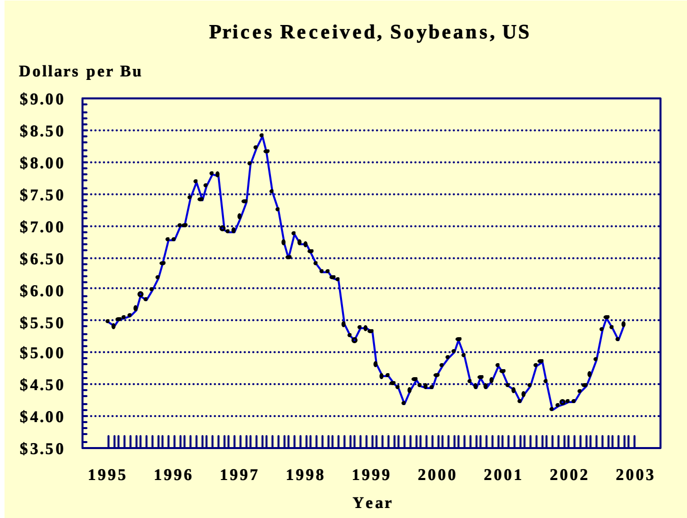
Total U.S. pork exports in 2003 are expected to increase about 2 percent. Canada, which accounts for 12 percent of U.S. exports, has so far in 2002 imported almost 5 percent more U.S. pork than last year. Canada’s total pork imports are expected to increase about 5 percent in 2003. Mexico the second most important U.S. export market, accounting for 20 percent of total exports-are off by almost 2 percent so far this year. Total Mexican pork imports are expected in increase about 3 percent in 2003. The big surprise of 2002, so far, has been the unexpectedly large exports to South Korea. To date, South Korea has imported more than 38 million pounds of U.S. pork, a 75 percent increase over last year.

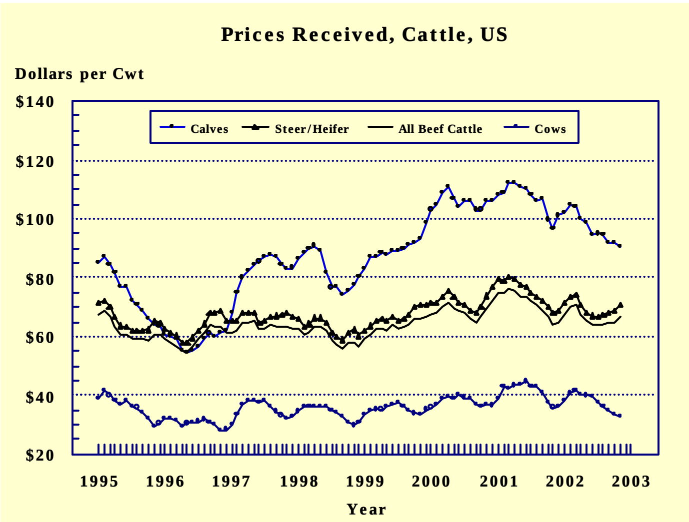
Poultry

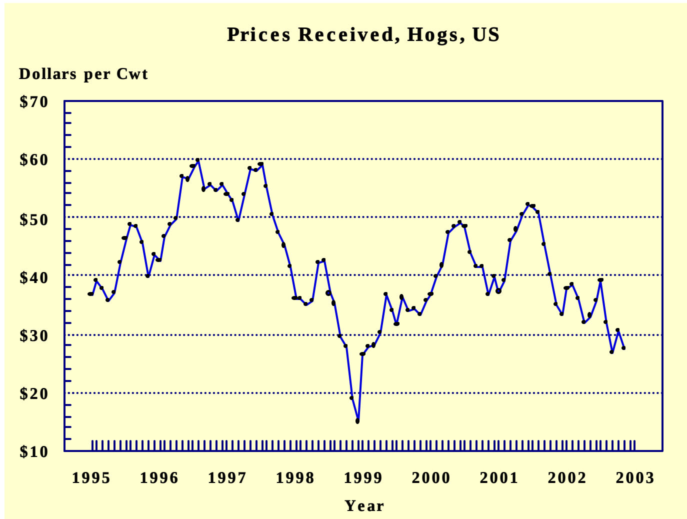
U.S. broiler exports for the third quarter of 2002 have been revised upward from 1.16 billion pounds to 1.40 billion pounds. This increases the estimate for 2002 exports to 5.1 billion pounds, down 8 percent from 2001, but still the second highest annual total. The growth of exports in August, compared to the previous year, was the result of higher shipments to a number of smaller markets, as exports to the four largest markets—Russia, Hong Kong, Mexico, and Japan—all were down from a year earlier.

Broiler production in the third quarter was 8.25 billion pounds, 4.7 percent above the previous year. The growth in production was divided between an increase in the number of birds slaughtered (up 2.8 percent) and an increase in their average weight (2.1 percent). Higher domestic production and higher stocks has resulted in lower domestic broiler prices.









Internet Access: Kentucky Agricultural Statistics Service (KASS) data including this report are available free of charge on our Internet homepage located at **http://www.nass.usda.gov/ky**. Links to the Kentucky Department of Agriculture, the University of Kentucky Agricultural Weather Center and other web sites related to Kentucky Agriculture are also included. National & State reports and data are available on the National Agricultural Statistics Service (NASS) homepage located at **http://www.usda.gov/nass/**